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# FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

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## NEWS RELEASE

### News Media Contact:

Hedley Burrell  
(202) 208-0680

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### COMMISSION MOVES TO BRING RELIEF TO CALIFORNIA ELECTRICITY MARKETS

In response to emergency conditions that exist in the California electricity markets, which have faced supply shortages and snowballing prices, the Federal Energy Regulatory Commission today approved a price cap change requested by the California Independent System Operator (ISO). The Commission also took steps to permit qualifying facilities (QFs) to operate at full capacity.

The ISO's purchase price cap of \$250/Mwh will be lifted. Bids above that amount will be allowed but will not set the clearing price paid to all sellers, as does the current purchase price cap. This should attract more bids and alleviate chronic supply shortages.

Those bidding above \$250 will be required to report their bids to the Commission on a weekly basis and provide certain cost information.

The non-profit ISO and PX began operations in California in 1998. The PX is the scheduling coordinator for the IOUs as well as other market participants. The ISO operates and controls most of the transmission system in California.

In addition to the \$250 purchase price cap, the Commission also authorized the ISO to penalize participating generators that refuse to operate in response to an ISO request in an emergency. They will be charged an amount equal to twice the highest price the ISO paid for energy for each hour in which the participating generator failed to respond.

(2)

The ISO's costs of obtaining energy through bids above the purchase price cap or through out-of-market dispatches will be assigned to scheduling coordinators who depend too much on spot markets.

The Commission's second order enables QF entities to generate at full capacity which in the past could have caused them to lose QF status. QF generators are small power producers that use alternative fuels, such as solar or biomass, and cogenerators that produce both electricity and steam for commercial use.

The order on QF entities was in response to a request from a California QF.

The orders are effective immediately.

To view the Commission orders in full go to "What's New" at [www.ferc.fed.us](http://www.ferc.fed.us).